

AN ACT

relating to the authority of a municipality to impose a fine or fee in certain areas in the municipality's extraterritorial jurisdiction.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter 2, Chapter 42, Local Government Code, is amended by adding Section 42.9025 to read as follows:

Sec. 42.9025. RESTRICTION ON IMPOSING FINE OR FEE IN CERTAIN AREAS IN EXTRATERRITORIAL JURISDICTION. (a) This section applies only to an area that is located in a municipality's extraterritorial jurisdiction and:

(1) that has been disannexed from the municipality under Subchapter G, Chapter 43; or

(2) for which the municipality has attempted and failed to obtain consent for annexation under Subchapter C-4 or C-5, Chapter 43.

(b) Notwithstanding any other law, a municipality may not impose under a municipal ordinance a fine or fee on a person on the basis of:

(1) an activity that occurs wholly in an area described by Subsection (a); or

(2) the management or ownership of property located wholly in an area described by Subsection (a).

(c) This section does not limit a municipality, including a

1 municipally owned retail water, wastewater, or drainage utility,
2 from imposing in an area described by Subsection (a) a fine or fee,
3 including through the adoption and enforcement of rates, for water,
4 sewer, drainage, or other related utility services.

5 (d) This section does not apply to development or
6 redevelopment in an area in which an election was held under Section
7 [43.0117](#).

8 SECTION 2. This Act takes effect immediately if it receives
9 a vote of two-thirds of all the members elected to each house, as
10 provided by Section [39](#), Article III, Texas Constitution. If this
11 Act does not receive the vote necessary for immediate effect, this
12 Act takes effect September 1, 2021.

S.B. No. 1168

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1168 passed the Senate on April 23, 2021, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1168 passed the House on May 23, 2021, by the following vote: Yeas 140, Nays 5, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor